

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE CHIEF FINANCIAL OFFICER  
OFFICE OF REVENUE ANALYSIS



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## District of Columbia Economic and Revenue Trends: *July 2012*

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### *As percent of Personal Income, FY 2011 Individual Income Tax revenue was below the 25-yr. average*

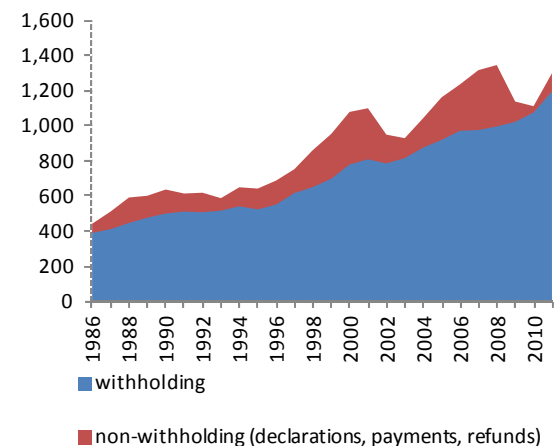
FY 2011 Individual Income Tax revenues in the District of Columbia were \$1.30 billion, accounting for 24.3% of all DC tax revenue in that year. Over the past 25 years income tax revenues increased by \$852 million, a gain of 291% and an average annual growth rate of 4.4% per year. (Adjusted for inflation, the increase over the period was 138%, an average annual growth of 1.3%.)

Despite this considerable growth, as a percent of DC Personal Income, a broad measure of the income of DC residents, individual income tax revenue has actually declined over the past 25 years, and particularly over the past 10 years. In FY 2011 income tax revenues were 2.9% of Personal Income, well below the 3.7% average over the past 25 years. (The high was 4.8% in FY 2000.) Personal Income grew 372% (5.4% per year) over the 25 year period.

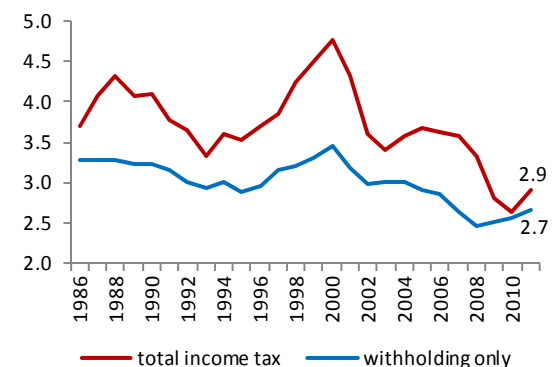
The largest part of the individual income tax is collected through withholding (deductions from wages and salaries as they are earned). The rest is collected in declarations and payment with returns (net of refunds), which tend to be heavily influenced by capital gains and other income related to business and market conditions that often reflect the broader US economy as well as the local one.

There has been considerable variation in the year to year percentage changes in income tax revenue. Over the past 25 years the increases have ranged from increases of 16.8% (in FY 2011)

Individual Income Tax Revenue: FY 1986 to FY 2011  
(\$ million)



Individual Income Tax Revenue as Percent of DC Personal Income: FY 1986 to FY 2011



## Wage and salary employment

### May employment up 13,500 (1.9%) above a year ago

● May wage and salary employment in DC was up by 13,533 (1.9%) from a year earlier as measured by the 3-month moving average.

● Federal government employment for May was down by 3,200 (-1.5%). Private sector jobs were up by 16,667 (3.5%).

● Total year-over-year DC metropolitan area employment increased by 40,400 (1.4%) in May as measured by the 3-month moving average.

● There was an increase of 1.2% in suburban Washington employment in May from a year earlier. Suburban employment has almost reached the level it had obtained four years earlier.

● Seasonally adjusted wage and salary employment in DC rose by 2,100 (0.3%) in May from April.

Change in wage and salary employment located in DC, the DC suburbs, and the US:  
May 2010 to May 2012  
(% change from prior year in 3-month moving average)

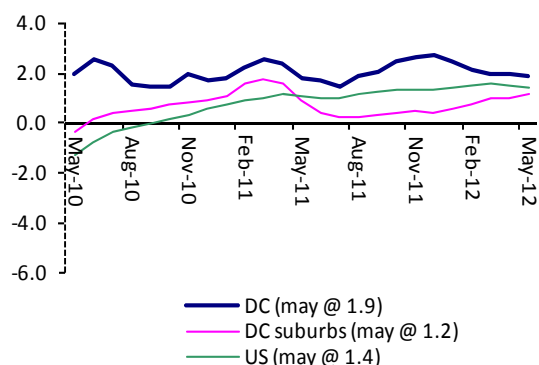


Table 1. Wage and salary employment in DC, Washington Metro area, and the US: May 2012

Jurisdiction	FY 2009	FY 2010	FY 2011	12-mo avg	3-mo average	This month
District of Columbia	701,633	708,975	722,967	733,500	737,367	738,200
1 year change	-1,092	7,342	13,992	15,342	13,533	12,700
% change	-0.2	1.0	2.0	2.1	1.9	1.8
Washington metro area	2,964,175	2,954,825	2,988,192	3,011,450	3,028,967	3,047,600
1 year change	-41,517	-9,350	33,367	30,450	40,400	47,000
% change	-1.4	-0.3	1.1	1.0	1.4	1.6
Washington suburbs (% ch)	-1.8	-0.7	0.9	0.7	1.2	1.5
US (% ch)	-3.8	-1.9	1.1	1.3	1.4	1.4

Not seasonally adjusted. Suburban employment is the difference between the metro area total and the DC portion.

Source: BLS. May data is preliminary.

Table 2. Federal government and private sector wage and salary employment in DC: May 2012

Sector	FY 2009	FY 2010	FY 2011	12-mo avg	3-month average	This month
Federal government	198,050	208,233	213,275	211,250	209,100	209,100
1 year change	5,283	10,183	5,042	-1,542	-3,200	-3,300
% change	2.7	5.1	2.4	-0.7	-1.5	-1.6
Private sector	462,942	464,000	474,467	487,217	494,033	494,800
1 year change	-5,467	1,058	10,467	17,892	16,667	15,800
% change	-1.2	0.2	2.3	3.8	3.5	3.3

Source: BLS. Not seasonally adjusted. May is preliminary.

Table 3. Seasonally adjusted DC Employment: November 2011 to May 2012

Indicator	Nov	Dec	Jan	Feb	Mar	Apr	May
D.C. Wage and Salary employment	737,600	737,700	733,100	734,600	738,700	739,000	741,100
change from prior month	2,900	100	-4,600	1,500	4,100	300	2,100
% change from prior month	0.4	0.0	-0.6	0.2	0.6	0.0	0.3

Source: BLS seasonally adjusted. May is preliminary

## Education and health accounted for 71% of the job growth over the past year

- In May education gained 6,167 jobs over last year, health services 3,500, and organizations 1,700 as measured by 3-month moving averages. (Education includes DC public charter schools.)
- Other private industries showing gains over the year included construction, temporary employment, food services, and accommodations.
- Private sector industries losing jobs included professional services (other than legal) and information.
- Local government grew by 67.
- Over the past year, DC's share of federal employment rose relative to the US and fell relative to the metro area.

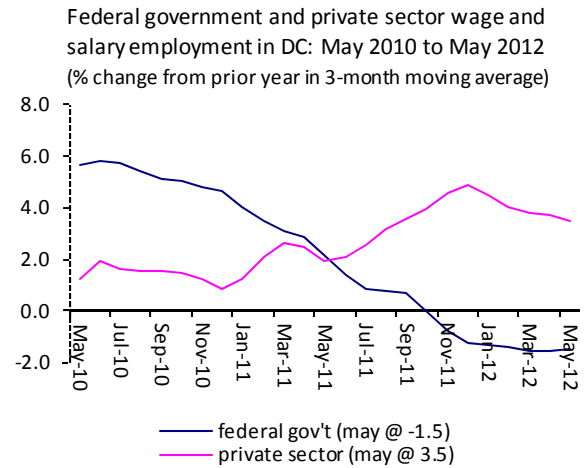


Table 4. Wage and salary employment located in DC: May 2012

Industry sector	3-month moving average				12-mo. moving avg: % change	Sector % of all DC jobs, May 2012	DC share (%) in May 2012 of all sector jobs in:		Change from May 2011 to May 2012 in DC share of sector jobs in:	
	May 2011	May 2012	1 year change				metro area	US	metro area	US
			Amount	%						
Federal government	212,300	209,100	-3,200	-1.5	-0.7	28.4	55.1	7.42	-0.39	0.02
Local government	34,167	34,233	67	0.2	-2.8	4.6	10.8	0.17	-0.22	0.00
Legal services	30,133	30,333	200	0.7	-1.5	4.1	na	2.72	na	0.01
Other Professional and technical	72,100	71,667	-433	-0.6	2.1	9.7	21.3	1.05	-0.36	-0.05
Employment services	13,367	14,733	1,367	10.2	8.6	2.0	37.6	0.48	3.40	0.01
Other Business services	33,800	33,933	133	0.4	1.5	4.6	19.3	0.50	0.42	0.00
Information	18,600	18,300	-300	-1.6	-0.8	2.5	23.0	0.70	-0.01	0.00
Finance	26,767	26,800	33	0.1	0.9	3.6	18.0	0.35	-0.57	0.00
Organizations	59,267	60,967	1,700	2.9	3.6	8.3	37.9	2.10	1.30	0.05
Education	51,700	57,867	6,167	11.9	13.2	7.8	54.7	1.68	2.30	0.13
Health	62,033	65,533	3,500	5.6	4.5	8.9	23.6	0.39	0.52	0.01
Food service	39,767	40,733	967	2.4	4.8	5.5	20.6	0.41	-0.49	0.00
Accomodations	15,433	16,167	733	4.8	3.4	2.2	38.4	0.91	1.36	0.03
Amusement and recreation	7,033	7,467	433	6.2	2.7	1.0	20.9	0.40	0.59	0.02
Retail trade	18,467	18,633	167	0.9	-0.4	2.5	7.4	0.13	0.18	0.00
Wholesale trade	4,600	4,600	0	0.0	-1.8	0.6	7.4	0.08	0.09	0.00
Construction	11,567	13,000	1,433	12.4	12.7	1.8	9.0	0.24	0.66	0.03
Personal and miscellaneous ser.	7,467	8,133	667	8.9	3.3	1.1	na	0.33	na	0.03
Other private	5,267	5,167	-100	-1.9	-2.8	0.7	4.7	0.03	-0.15	0.00
<b>Total</b>	<b>723,833</b>	<b>737,367</b>	<b>13,533</b>	<b>1.9</b>	<b>2.1</b>	<b>100.0</b>	<b>24.3</b>	<b>0.55</b>	<b>0.12</b>	<b>0.00</b>
Public sector	246,467	243,333	-3,133	-1.3	-1.0	33.0	34.9	1.09	-0.65	0.00
Private sector	477,367	494,033	16,667	3.5	3.8	67.0	21.2	0.45	0.39	0.01
Professional and all business	194,767	195,767	1,000	0.5	1.4	26.5	21.2	0.85	-0.06	-0.02
Education, health, and orgs.	173,000	184,367	11,367	6.6	6.7	25.0	32.6	0.61	1.12	0.03
Hospitality and trade	85,300	87,600	2,300	2.7	2.9	11.9	14.9	0.26	0.24	0.00
Other private sector	24,300	26,300	2,000	8.2	6.3	3.6	10.3	0.10	0.51	0.01

Source: BLS. not seasonally adjusted. na=not available. For the metro area, legal is included in other professional and technical, and personal and miscellaneous services is included in organizations (a category BLS calls "other services")

## Resident employment

### Resident employment grew in May and the unemployment rate fell

- In May DC resident employment rose 8,036 (2.6%) from a year earlier (3-mo. moving average).
- In May the unemployment rate (seasonally adjusted) fell to 9.3%, and seasonally adjusted resident employment rose 1.0% from April, the 10th monthly increase in a row.
- Initial unemployment insurance claims were down 7.8% from a year earlier (3-mo. moving average).

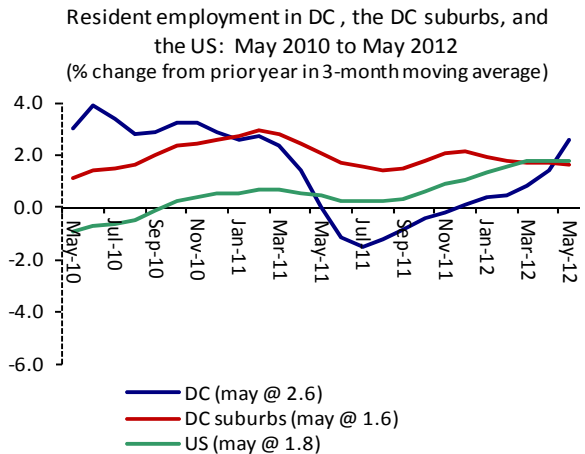
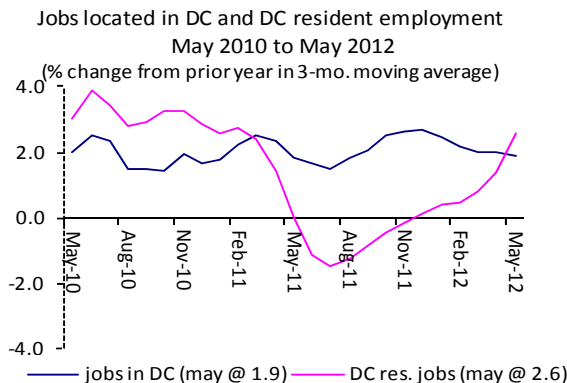


Table 5. Unemployment rates for DC, metro area, and US:

May 2012

(percent of labor force)

Jurisdiction	Not seasonally adj.		Seasonally adj.	
	May 2011	May 2012	May 2011	May 2012
US	8.7	7.9	9.0	8.2
DC metro area	5.7	5.3	na	na
DC	10.0	9.0	10.2	9.3
DC suburbs	5.2	4.9	na	na

Source: U.S. BLS. na= data not available

Table 6. Resident employment and unemployment: May 2012

Indicator	FY 2009	FY 2010	FY 2011	12-mo avg	3-month average	This month
<b>DC Labor force summary</b>						
Resident employment	303,384	306,551	308,968	311,371	317,440	321,374
1 year change	-9,541	3,166	2,417	1,273	8,036	13,058
% change	-3.0	1.0	0.8	0.4	2.6	4.2
Labor Force	333,366	341,501	344,244	346,044	349,033	353,310
1 year change	452	8,135	2,743	1,384	5,775	10,582
% change	0.1	2.4	0.8	0.4	1.7	3.1
Unemployed	29,981	34,950	35,277	34,673	31,593	31,936
1 year change	9,993	4,969	327	111	-2,261	-2,476
% change	50.0	16.6	0.9	0.3	-6.7	-7.2
Unemployment rate	9.0	10.2	10.2	10.0	9.1	9.0
<b>DC Unemployment insurance (state program)</b>						
Initial claims (monthly avg.)	2,203	1,799	2,101	1,853	1,596	1,683
1 year change	688	-404	302	-174	-135	-162
% change	45.4	-18.3	16.8	-8.6	-7.8	-8.8
Weeks compensated (m o. avg.)	54,474	53,592	46,423	46,778	42,856	45,511
1 year change	19,736	-881	-7,169	-960	-2,082	5,424
% change	56.8	-1.6	-13.4	-2.0	-4.6	13.5

Source: Labor force (BLS, w/ Dec. revisions). Unemployment Insurance (US Dept of Labor). Not seasonally adj.

Table 7. Seasonally adjusted DC Resident employment and unemployment: November 2011 to May 2012

Indicator	Nov	Dec	Jan	Feb	Mar	Apr	May
DC Resident employment	309,541	310,557	312,157	313,554	314,489	316,431	319,517
change from prior month	1,016	1,016	1,600	1,397	935	1,942	3,086
% change from prior month	0.3	0.3	0.5	0.4	0.3	0.6	1.0
DC Unemployment rate (%)	10.2	10.1	9.9	9.8	9.8	9.5	9.3

Source: BLS seasonally adjusted. May is preliminary

## Wage gains slowed slightly in the March quarter

●Wages earned in the District of Columbia were 3.6% higher in the March quarter compared to the same quarter of 2011.

●In the March quarter, estimated wages of DC residents grew 4.1%, and DC Personal Income grew 3.8%.

●Income gains for DC residents outpaced the US as a whole. (US wages grew 3.5% and Personal Income 2.9%).

●In the March quarter, the private sector accounted for \$1.98 billion (88%) of the increase in wages earned in DC.

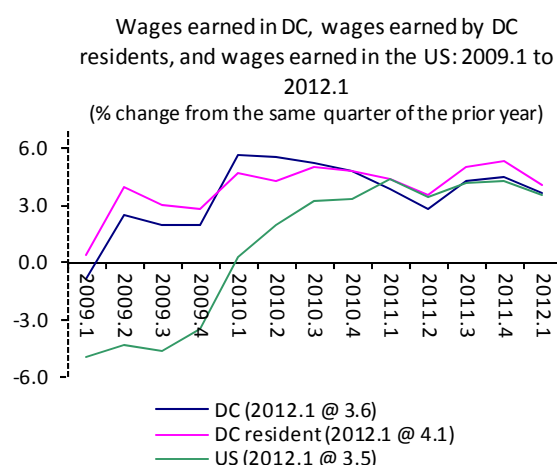


Table 8. DC Wages and Personal Income: March 2012

(\$ billion at seasonally adjusted annual rates unless otherwise noted)

Indicator	FY 2009	FY 2010	FY 2011	4-quarter moving average	Latest quarter (Mar.)
Wages and salaries earned in DC	55.33	57.87	60.15	61.35	62.02
1 year change	1.06	2.55	2.28	2.25	2.18
% change	2.0	4.6	3.9	3.8	3.6
Supplements to wages & salaries	16.23	17.09	17.59	17.81	17.98
% change	5.8	5.3	2.9	2.3	2.3
Proprietors' income earned by DC residents*	5.33	5.40	5.98	6.14	6.30
% change	-6.9	1.4	10.7	6.1	6.3
Wages and salaries of DC residents***	21.30	22.19	23.17	23.70	23.98
change from one year ago	0.66	0.89	0.98	1.01	0.94
% change	3.2	4.2	4.4	4.5	4.1
Income earned by DC residents	29.9	31.1	32.9	33.7	34.2
% change	1.7	3.9	6.1	5.1	4.1
Property income of DC residents	5.98	5.67	6.01	6.16	6.26
% change	-11.0	-5.2	6.0	5.6	4.3
Pensions and other transfer payments of DC res.	4.69	5.28	5.67	5.69	5.71
% change	10.7	12.6	7.4	2.7	1.3
DC Personal Income**	40.58	42.01	44.63	45.59	46.18
1 year change	0.22	1.43	2.61	2.12	1.69
% change	0.5	3.5	6.2	4.9	3.8
US Personal income (% change from prior year)	-3.1	1.5	5.3	4.2	2.9
US Wages and salaries(% change from prior year)	-3.5	0.5	3.8	3.8	3.5
Addendum: Change from prior year in wages earned in DC by sector					
Private sector (1 yr ch, \$B)	-0.18	0.59	1.77	1.98	1.74
Federal government (1 yr ch, \$B)	1.03	1.91	0.66	0.27	0.16
DC res. wages as % of wages earned in DC	38.5	38.3	38.5	38.6	38.7

\* Proprietors' income is derived from federal tax data and therefore all proprietors' income is earned by DC residents.

\*\*Reflects deduction of social insurance paid by individuals. Wage and salary amounts shown are before this deduction.

\*\*\*Est. by ORA; assumes wage and salary suppl. are the same % for DC resident wages as for wages earned in DC.

Source: BEA; data for March were released June 27, 2012

## Single family and condominium home sales

### June selling prices were higher than a year ago

●The June 3-month moving total of single family home sales was down 3.3% from a year earlier, but the average selling price was 5.4% higher.

●June condominium sales were 19.3% above a year earlier as measured by the 3-month moving total; the average selling price was 4.6% higher.

●The total value of all home sales in June was 9.0% more than a year earlier as measured by the 3-month moving total.

●June year to date median prices were up 14.6% for single family units, and up 4.8% for condominiums.

●The ratio of inventory to sales fell to 1.8 for single family units (3-mo. moving average), the lowest in almost 7 years.

Number and average selling price of single family homes sold in DC: June 2010 to June 2012  
(% change from prior year in 3-month moving averages)

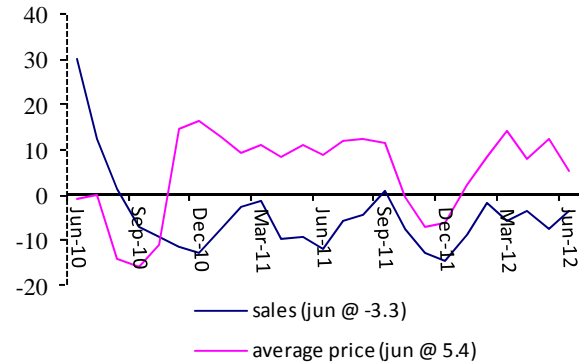


Table 9. D.C. Residential Real Estate Indicators: June 2012

Indicator	FY 2008	FY 2009	FY 2010	FY 2011	12-mo moving total or average	3-mo moving total or average	This month
<b>Number of sales (settled contracts)</b>							
Single family	3,022	3,259	4,084	3,800	3,586	1,057	386
1 year change	-734	237	825	-284	-204	-36	-15
% change	-19.5	7.8	25.3	-7.0	-5.4	-3.3	-3.7
Condo	2,796	2,590	2,884	2,469	2,677	861	316
1 year change	-1,042	-206	294	-415	253	139	54
% change	-27.1	-7.4	11.4	-14.4	10.4	19.3	20.6
Total	5,818	5,849	6,968	6,269	6,263	1,918	702
1 year change	-1,776	31	1,119	-699	49	103	39
% change	-23.4	0.5	19.1	-10.0	0.8	5.7	5.9
<b>Average prices of units that sold</b>							
Single family (\$)	667,367	597,269	538,395	601,026	618,387	653,749	650,209
1 year change	9,480	-70,098	-58,874	62,631	33,622	33,238	-18,928
% change	1.4	-10.5	-9.9	11.6	5.7	5.4	-2.8
Condo (\$)	412,234	359,952	414,030	423,365	427,602	441,527	436,350
1 year change	6,803	-52,283	54,078	9,336	90	19,244	9,659
% change	1.7	-12.7	15.0	2.3	0.0	4.6	2.3
<b>Total value of all sales (\$ million)</b>							
	3,169.4	2,878.8	3,392.9	3,329.2	3,362.2	1,071.2	388.9
1 year change	-857.7	-290.6	514.1	-63.7	109.7	88.1	8.8
% change	-21.3	-9.2	17.9	-1.9	3.4	9.0	2.3
<b>Ratio: active inventory to sales</b>							
Single family	6.0	5.2	3.4	3.3	2.6	1.8	1.7
Condo	5.7	5.7	4.6	4.9	3.4	2.5	2.4

Median contract prices, CY to date in June 2012: single family \$510,000 (14.6% 1 yr ch); condo \$379,900 (4.8% 1 yr ch)

Note: Data are closed contracts settled during each month or other period shown. Because average price depends on the mix of units sold, this measure can be volatile on a month-to-month basis, and it is not intended to measure changes in the value of all residential property.

Monthly average price for all single family units is calculated by ORA based on reported average prices and number of sales for different types of units.

Source: Metropolitan Regional Information Systems (MRIS); median contract price and inventory ratio data accessed through the Greater Capital Area Assn. of Realtors (GCAAR).

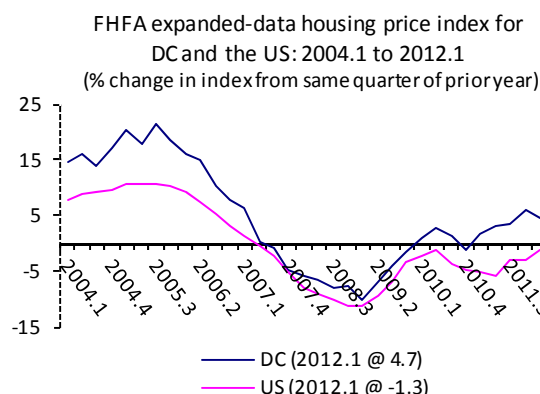
## Apartments and single family home transactions

### Higher priced single family home sales up sharply in June

• Sales of single family units at prices above \$1 million were up 3.9% in June from a year ago as measured by the 3-month moving total.

• In March the quarterly Federal Housing Finance Agency house price index for DC was 4.7% over a year ago. For the US, there was a 1.3% decline.

• In the March quarter, occupied apartment units rose 1,250 (1.5%) and rents rose 3.3% from a year earlier.



**Table 10. D.C. Single family and condominium home sales at prices of \$1 million or more: June 2012**

Category	FY 2008	FY 2009	FY 2010	FY 2011	12-mo moving	3-mo moving	This month
					total	total	
Single family homes	435	333	418	489	454	160	56
1 year change	-18	-102	85	71	-21	6	-11
% change	-4.0	-23.4	25.5	17.0	-4.4	3.9	-16.4
percent of all single family sales	14.4	10.2	10.2	12.9	12.7	15.1	14.5
Condominiums	77	62	89	87	78	25	6
1 year change	-28	-15	27	-2	-11	4	-3
% change	-26.7	-19.5	43.5	-2.2	-12.4	19.0	-33.3
percent of all condominium sales	2.8	2.4	3.1	3.5	2.9	2.9	1.9

Source: Metropolitan Regional Information Systems (MRIS). Sales are ones closed (settled) during period shown.

**Table 11. Federal Housing Finance Agency Price Index for single family property in DC and US: March 2012**

Indicator	Fiscal year average				Quarter				
	FY 2008	FY 2009	FY 2010	FY 2011	2011.1	2011.2	2011.3	2011.4	2012.1
<b>% change from prior year in value of index</b>									
DC	-6.3	-7.2	0.9	1.8	1.8	3.0	3.4	5.8	4.7
US	-8.0	-9.8	-2.6	-4.7	-5.2	-5.8	-2.9	-2.9	-1.3

Addendum: % change from prior year in the average price of settled sales contracts for single family homes

Average DC sales price	1.4	-10.5	-9.9	11.6	10.1	8.9	11.0	-6.6	13.6
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Source: (1) Federal Housing Finance Agency "Expanded-data HPI Index" (sales plus refinancings). This index is a broad measure of the movement of single-family house prices. It measures average price changes in repeat sales or refinancings on the same properties. This information is obtained from transactions whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac since January 1975. It is augmented by data on mortgages endorsed by FHA and county recorder data licensed from DataQuick Information Systems. (2) Average DC sales price is the average price of houses that sold during the period (settled contracts): see Table 9. Not seas. adj.

**Table 12. Market-rate units in larger DC apartment buildings: March 31, 2012**

Indicator	Sep. 30 2008	Sep. 30 2009	Sep. 30 2010	Sep. 30 2011	Latest Q (March 2012)		
					amount	1 Q ch	% ch
Inventory	85,427	87,090	87,970	88,710	88,848	0	0.0
1 year change	1,241	1,663	880	740	477		
% change	1.5	1.9	1.0	0.8	0.5		
Occupied units	81,521	81,964	82,965	84,125	84,935	274	0.3
1 year change	702	443	1,001	1,160	1,250		
% change	0.9	0.5	1.2	1.4	1.5		
Vacant units	3,906	5,126	5,005	4,585	3,913	-274	-6.5
1 year change	539	1,220	-121	-420	-773		
% change	16.0	31.2	-2.4	-8.4	-16.5		
% of inventory	4.6	5.9	5.7	5.2	4.4		
Average effective monthly rent	\$1,340	\$1,342	\$1,380	\$1,422	\$1,454	\$14	2.6
% change from 1 year	4.0	0.1	2.8	3.0	3.3		

Source: Reis. Includes units in competitive, private sector buildings with 40 or more units. Excludes condo conversions.



## Commercial office space

### The office vacancy rate rose in June

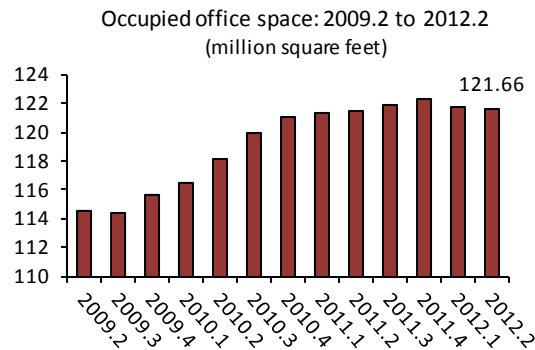
• For the quarter ending June, the vacancy rate for DC commercial office space rose to 8.1% (without sublet space), and to 9.2% (with sublet space). (In March the rates were 8.0% and 8.9%, respectively.)

• DC's vacancy rate with sublet space in June was below the 12.6% rate for the metropolitan area.

• Occupied space rose in the June quarter by 0.17 million square feet (0.1%) from a year earlier.

• Space under construction decreased slightly in the last quarter, and is up 3.9% from a year ago.

• In the June quarter, average effective rents for class A office space leases were up 0.8% from a year earlier.



**Table 13. Commercial office space in DC: June 30, 2012**

(In millions of square feet, unless noted otherwise)

Indicator	Sep. 30 2008	Sep. 30 2009	Sep. 30 2010	Sep. 30 2011	last quarter (June 2012)		
					Level	1 Q ch	% ch
Inventory	123.60	127.45	131.95	133.50	133.99	0.39	0.3
1 year change	1.19	3.86	4.49	1.56	1.07		
% change	1.0	3.1	3.5	1.2	0.8		
Occupied space	115.44	114.45	119.94	121.89	121.66	-0.05	0.0
1 year change	0.13	-0.99	5.49	1.95	0.17		
% change	0.1	-0.9	4.8	1.6	0.1		
Leased space	116.29	116.25	121.35	123.06	123.12	0.24	0.2
Under construction	10.60	5.75	2.14	2.42	2.74	-0.21	-7.1
1 year change	2.68	-4.85	-3.60	0.27	0.10		
% change	33.9	-45.8	-62.7	12.7	3.9		
% of inventory	8.6	4.5	1.6	1.8	2.05		
Vacant (no sublet)	7.31	11.20	10.60	10.44	10.87	0.15	1.4
% of inventory	5.9	8.8	8.0	7.8	8.1		
Vacant (w sublet)	8.16	13.00	12.01	11.61	12.33	0.44	3.7
1 year change	1.06	4.84	-0.99	-0.39	0.90		
% ch from one year	14.9	59.4	-7.6	-3.3	7.8		
<b>DC area vacancy rates (with sublet)</b>							
District of Columbia	6.6	10.2	9.1	8.7	9.2	0.3	
Northern Virginia	11.9	13.5	13.4	13.5	14.4	0.0	
Suburban Maryland	11.5	14.6	14.5	14.2	14.3	0.2	
DC Metropolitan area	10.1	12.6	12.2	12.1	12.6	0.1	

Source: Delta Associates. Includes single tenant and privately owned space as well as multi-tenant buildings.

**Table 14. Average effective office rent for Class A commercial office leases signed by 6-month periods: 2009.2 to 2012.2**

Indicator	\$ per square foot of gross floor space during 6-month period ending on date shown:						
	2009.2	2009.4	2010.2	2010.4	2011.2	2011.4	2012.2
Average effective rent	45.75	43.30	40.70	40.10	39.80	40.45	40.10
% ch from prior year	-1.1	-6.4	-11.0	-7.4	-2.2	0.9	0.8
Average value of improvements for tenants	60.00	65.00	80.00	80.00	80.00	75.00	75.00

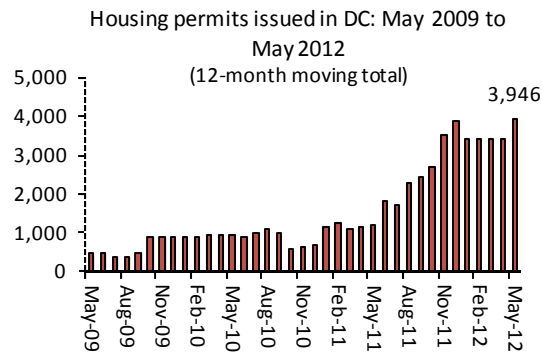
Source: Delta Associates. Rent is for full service (including operating expenses and taxes), less concessions (free rent, etc.)



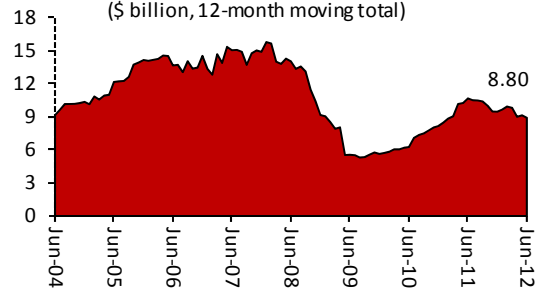
## Housing permits, office and apartment outlook, and value of property transfers

### More building permits in May; the value of property transferred in June was lower than a year ago

- For the 12-month period ending May, 3,946 housing unit building permits were issued, a 232.2% increase over the prior 12-month period.
- Delta Associates expects DC's office vacancy rate (including sublet) to rise (to 9.8%) over the next two years.



Value of all real property subject to deed transfer or economic interest taxes:  
June 2004 to June 2012  
(\$ billion, 12-month moving total)



- Reis expects 4,999 new apartment units to be added to inventory in CY 2012 and CY 2013, and occupancy to grow by 5,573.
- The value of June property transfers was up down 9.7% from last year as measured by the 3-month moving total. The 12-month moving total was 16.7% less.

Table 15. Housing unit building permits issued in DC: May 2012

	FY 2008	FY 2009	FY 2010	FY 2011	12-month moving total	3-month moving total	This month
Total units	690	499	986	2,459	3,946	812	612
change from 1 year ago	-1,506	-191	487	1,473	2,758	551	542
% change from 1 year	-68.6	-27.7	97.6	149.4	232.2	211.1	774.3

Source: Census Bureau (permits issued during period).

Table 16. Delta Associates outlook for commercial office space in DC and the surrounding metro area: June 2012 to June 2014

Indicator	DC	No VA	Sub MD	Total	DC % of total
<b>Inventory June 2012</b>					
Inventory (msf)	134.0	179.1	88.6	401.7	33.4
vacancy rate (%)	9.2	14.4	14.3	12.6	
<b>Estimated net activity to June 2014</b>					
new supply (msf)	3.0	3.0	2.4	8.5	35.3
new demand (msf)	1.9	3.5	1.6	7.0	27.1
<b>Estimated Inventory June 2014</b>					
vacancy rate (%)	9.8	13.9	14.8	12.7	

Source: Delta Associates msf= million square feet

Table 17. DC market rate apartment units: 2007 to 2016

CY	Inventory	1 yr ch	% vacant	Occupied	1 yr ch
2007	84,618	468	3.9	81,284	533
2008	86,583	1,965	4.8	82,465	1,181
2009	87,788	1,205	6.1	82,415	-50
2010	88,360	572	5.5	83,477	1,062
2011	88,848	488	4.7	84,661	1,184
2012 est	90,318	1,470	4.0	86,729	2,068
2013 est	93,847	3,529	3.8	90,234	3,505
2014 est	97,374	3,527	4.1	93,401	3,167
2015 est	99,182	1,808	3.7	95,482	2,081
2016 est	100,564	1,382	3.4	97,186	1,704

Source: Reis, March 2012. (see note in table 12)

Table 18. Market Value of Real Property transfers subject to the Deed Transfer or Economic Interest tax: June 2012

	FY 2008	FY 2009	FY 2010	FY 2011	12-month moving total	3-month moving total	This month
All property transfers (\$ million)	11,527.3	5,591.2	7,789.1	10,059.5	8,796.1	2,311.3	954.6
change from one year ago (\$M)	-3,307.6	-5,936.1	2,197.9	2,270.4	-1,758.6	-248.9	-148.6
% change from 1 year ago	-22.3	-51.5	39.3	29.1	-16.7	-9.7	-13.5

Note: represents value of property or economic interest transferred as of date deed noted by the Recorder of Deeds.

Source: OCFO/Recorder of Deeds and OCFO/ORR (calculated from tax collections and deposits adjusted for tax rate changes).

## Hospitality

### May indicators for hotel stays and rates show little change over the prior year

● In May the 3-month moving total for hotel room-days sold was 0.5% higher than a year earlier; and the average room rate was 0.3% lower leading to a 0.2% rise in room revenue.

● Employment in food services was 2.4% higher in May than a year earlier as measured by the 3-month moving average. Hotel employment rose 4.8%, and retail gained 0.9%.

● May airline traffic into the DC area was up 0.4% from a year earlier as measured by the 3-month moving total. Reagan National Airport gained 0.7%.

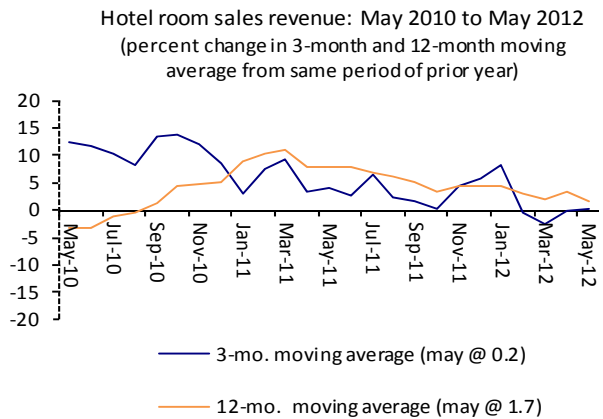


Table 19. Hospitality Industry: May and June 2012

Indicator	Units	date	FY 2009	FY 2010	FY 2011	12-mo total or average*	3-month moving total or average*	This month
<b>Hotel stays</b>								
Hotel room -days sold	('M)	may	7.123	7.370	0.729	7.576	2.138	0.717
	1 yr ch		-0.003	0.248	0.009	0.103	0.011	-0.004
	1 yr % ch		0.0	3.5	1.2	1.4	0.5	-0.6
Average room rate	\$	may	203.16	199.12	231.00	205.31	228.98	232.05
	1 yr ch		-5.83	-4.05	-6.77	0.68	-0.80	-5.70
	1 yr % ch		-2.8	-2.0	-2.8	0.3	-0.3	-2.4
Occupancy rate (average)	%	may	73.1	73.8	85.1	75.1	84.1	83.6
	1 yr ch		-1.1	0.7	0.4	0.5	0.3	-0.5
	1 yr % ch		-1.5	0.9	0.5	0.6	0.3	-0.6
Room revenue	(\$M)	may	1,447.0	1,467.5	168.5	155.4	489.7	166.3
	1 yr ch		-42.0	20.5	-2.8	26.2	0.8	-5.1
	1 yr % ch		-2.8	1.4	-1.6	1.7	0.2	-3.0
<b>Airline passengers</b>								
DCA	1 yr % ch	may	-2.9	0.5	6.2	-7.5	0.7	-1.1
IAD	1 yr % ch	may	-4.4	1.2	0.6	-11.2	-0.5	-0.2
BWI	1 yr % ch	may	-3.3	4.6	4.2	-8.7	0.9	-0.9
Total	1 yr % ch	may	-3.6	2.1	3.4	-9.3	0.4	-0.7
<b>Convention Center Transfer</b>								
	\$ M	jun	91.5	94.4	98.0	100.7	28.8	16.8
	1 yr ch		0.0	2.8	3.6	3.0	-1.1	6.6
	1 yr % ch		0.0	3.1	3.9	3.1	-3.6	64.4
<b>Employment</b>								
Accommodations	level ('000)	may	15.0	15.3	15.3	15.8	16.2	16.7
	1 yr ch		-0.2	0.3	0.0	0.5	0.7	0.9
	1 yr % ch		-1.2	2.0	0.0	3.4	4.8	5.7
Food and bev	level ('000)	may	35.9	37.0	39.0	40.1	40.7	41.3
	1 yr ch		0.5	1.2	1.9	1.8	1.0	1.1
	1 yr % ch		1.4	3.3	5.2	4.8	2.4	2.7
Arts and entertain.	level ('000)	may	7.1	7.0	6.8	7.0	7.5	7.6
	1 yr ch		0.2	-0.1	-0.2	0.2	0.4	0.5
	1 yr % ch		2.7	-1.5	-2.6	2.7	6.2	7.0
Retail	level ('000)	may	17.8	18.3	18.5	18.5	18.6	18.7
	1 yr ch		-0.6	0.5	0.2	-0.1	0.2	0.2
	1 yr % ch		-3.5	3.0	1.0	-0.4	0.9	1.1

\* Total for hotel rooms sold, room revenue, and Convention Center transfer

Source: Smith Travel Research (hotel data); BLS (employment); Airport authorities (airline passengers);

OCFO/OTR (Convention Center transfer; June collections are based on May sales data)

### June job gains were low, and the stock market lost ground for the third month in a row

- March was the 11th consecutive quarter of real GDP growth; the 1.9% gain in the March quarter was below the average for all of those quarters.
- US employment (seas. adj.) increased by just 80,000 in June.
- The US unemployment rate (seasonally adj.) stayed at 8.2%.
- In June the S & P 500 index lost 1.3% from May and was just 2.8% above a year ago.
- Inflation continued to fall. The June CPI was 1.7% above a year earlier (sa), the smallest year-over-year increase in 17 months.

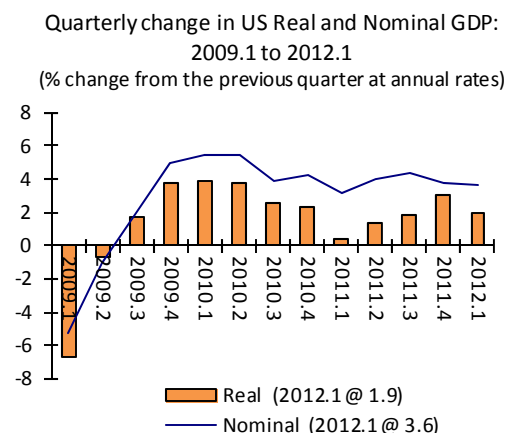


Table 20. US GDP, income, corporate profits, and inflation: 2012.1 and June 2012

(percent change from same period of prior year unless noted)

Indicator	Date of latest indicator		FY 2008	FY 2009	FY 2010	FY 2011	12-mo avg	2012.1	Jun 2012
US GDP real	2012.1	1 yr % ch	1.1	-4.2	2.1	2.1	1.7	2.0	
US GDP nominal	2012.1	1 yr % ch	3.4	-2.8	3.0	4.1	3.9	4.0	
US Personal income	2012.1	1 yr % ch	5.6	-3.1	1.5	5.3	4.3	3.0	
US wages	2012.1	1 yr % ch	3.4	-3.5	0.5	3.8	3.8	3.5	
Corporate profits	2012.1	1 yr % ch	-11.2	-11.6	42.6	10.5	7.1	6.3	
S and P stock index	jun	1 yr % ch	-5.7	-34.3	23.7	13.8	4.7	2.4	2.8
US CPI	jun	1 yr % ch	4.4	-0.3	1.7	2.7	2.9	2.8	1.7
Balt/Wash. area CPI	may	1 yr % ch	5.0	0.3	1.7	3.0	3.0	na	1.8

Source: BEA (data revised as of June 28, 2012), BLS, and Yahoo finance. Balt/Wash. Area CPI is May data.

Personal income and wage data may differ from amounts shown in table 8 due to differences in BEA source tables.

Table 21. Quarter to quarter change in US GDP and income: 2010.3 to 2012.1

(percent change from previous quarter at seasonally adjusted annual rates)

Indicator	units	calendar year quarter						
		2010.3	2010.4	2011.1	2011.2	2011.3	2011.4	2012.1
US GDP real	% ch from prior Q at saar	2.5	2.3	0.4	1.3	1.8	3.0	1.9
US GDP nominal	% ch from prior Q at saar	3.9	4.2	3.1	4.0	4.4	3.8	3.9
Wages and salaries	% ch from prior Q at saar	3.4	1.4	6.2	2.4	6.5	1.7	3.2
Personal income	% ch from prior Q at saar	4.1	4.0	8.6	3.4	3.1	1.5	3.7

Note: GDP=Gross Domestic Product saar=seasonally adjusted at annual rate Source: BEA, updated on June 28, 2012

Table 22. Monthly change in selected US Indicators: December 2011 to June 2012

Indicator	Dec	Jan	Feb	Mar	Apr	May	Jun
S and P stock index (level)	1243	1301	1352	1389	1386	1341	1323
% change from prior month	1.4	4.6	4.0	2.7	-0.2	-3.3	-1.3
% change from 1 year ago	0.1	1.4	2.4	6.5	4.1	0.2	2.8
10 yr. Treasury Interest rate (level)	1.96	1.94	1.96	2.16	2.03	1.79	1.61
CPI % ch from prior month (seasonally adjusted)	0.01	0.21	0.41	0.29	0.03	-0.28	0.04
CPI % ch from prior year (seasonally adjusted)	3.00	2.93	2.89	2.65	2.30	1.73	1.68
Jobs (seasonally adjusted level, in millions)	132.19	132.46	132.72	132.86	132.93	133.01	133.09
change from prior month (thousands)	223	275	259	143	68	77	80
% change from prior month	0.17	0.21	0.20	0.11	0.05	0.06	0.06
Resident employment (season. adj. level, in mil.)	140.79	141.64	142.07	142.03	141.87	142.29	142.42
change from prior month (thousands)	176	847	428	-31	-169	422	128
% change from prior month	0.13	0.60	0.30	-0.02	-0.12	0.30	0.09
Unemployment rate (seasonally adj.)	8.5	8.3	8.3	8.2	8.1	8.2	8.2

Source: BLS and Yahoo! Finance.

## DC tax collections

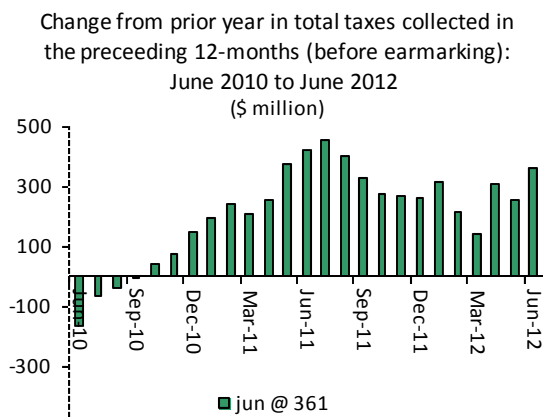
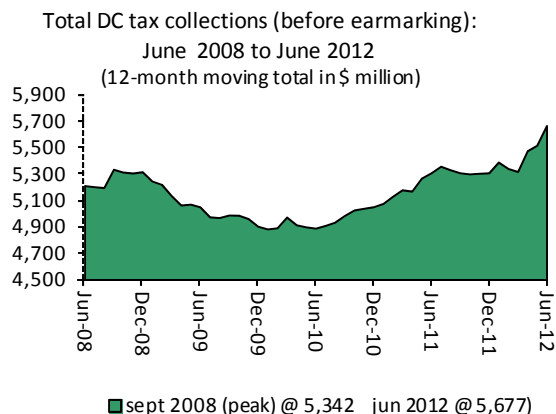


Table 23. Tax Collections (before earmarking): June 2012 (Preliminary)

(\$ million)

Tax	FY 2008	FY 2009	FY 2010	FY 2011	12-month moving total	3-month moving total	This month
Total taxes	5,342.3	4,992.9	4,988.8	5,315.7	5,676.7	1,748.3	510.0
1 year change	224.8	-349.4	-4.2	326.9	361.4	351.3	149.6
% change	4.4	-6.5	-0.1	6.6	6.8	25.1	41.5
Real property	1,684.8	1,798.7	1,834.8	1,707.0	1,765.4	478.6	0.3
1 year change	241.2	113.9	36.0	-127.8	-18.4	170.4	-2.6
% change	16.7	6.8	2.0	-7.0	-1.0	55.3	-89.9
General sales	1,011.6	945.8	916.6	974.9	1,092.9	300.8	106.1
1 year change	52.8	-65.8	-29.2	58.3	157.8	70.8	38.0
% change	5.5	-6.5	-3.1	6.4	16.9	30.8	55.8
Individual income	1,353.2	1,143.3	1,139.8	1,314.6	1,437.7	527.9	184.0
1 year change	40.1	-209.9	-3.6	174.9	169.2	113.5	62.8
% change	3.1	-15.5	-0.3	15.3	13.3	27.4	51.9
withholding	1,004.2	1,037.3	1,103.3	1,207.6	1,288.5	385.0	142.0
1 year change	29.5	33.1	65.9	104.3	102.3	85.7	51.5
% change	3.0	3.3	6.4	9.5	8.6	28.6	56.9
non-withholding	349.0	106.0	36.5	107.1	149.2	142.8	41.9
1 year change	10.7	-243.0	-69.5	70.5	66.9	27.8	11.4
% change	3.2	-69.6	-65.6	193.2	81.3	24.2	37.1
Corporate income	289.8	202.5	197.3	251.8	281.5	80.6	44.6
1 year change	39.1	-87.3	-5.2	54.6	47.8	11.0	10.2
% change	15.6	-30.1	-2.6	27.7	20.5	15.7	29.7
Unincorporated Bus.	128.9	122.4	120.7	143.0	167.1	86.7	25.1
1 year change	-37.5	-6.5	-1.7	22.3	39.8	12.3	1.5
% change	-22.5	-5.0	-1.4	18.4	31.2	16.5	6.5
Deed taxes*	323.2	187.4	225.6	314.1	288.0	66.5	30.1
1 year change	-118.8	-135.8	38.2	88.5	-55.5	-48.6	4.7
% change	-26.9	-42.0	20.4	39.2	-16.2	-42.2	18.3
Other taxes	550.7	592.8	554.0	610.2	644.1	207.2	119.8
1 year change	7.9	42.1	-38.8	56.2	20.8	21.9	35.0
% change	1.5	7.6	-6.5	10.2	3.3	11.8	41.2

\*Deed taxes include deed recordation, deed transfer, and economic interest taxes on real property transactions.

Note: (1) Includes public space rental (in other taxes). (2) Deed tax collections will vary from payments to Recorder of Deeds (graphed on the next page) due to processing and timing effects.

(3) Data subject to accounting adjustments.

(4) This table and the graphs on the next page include adjustments to the timing and consistency of collection reporting which make comparisons with prior year periods more accurate; accordingly, the data may vary slightly from other OCFO reports.

Source: OCFO/ORA

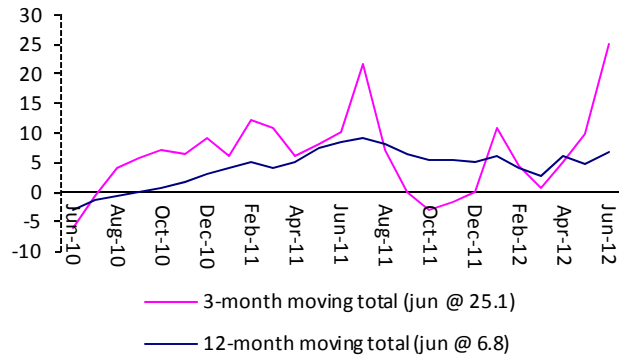
### Tax collections were strong in June

● For the 12-month period ending June, tax collections (before earmarking) were \$361 million (6.8%) more than a year earlier. Collections grew at a 6.6% rate in FY 2011.

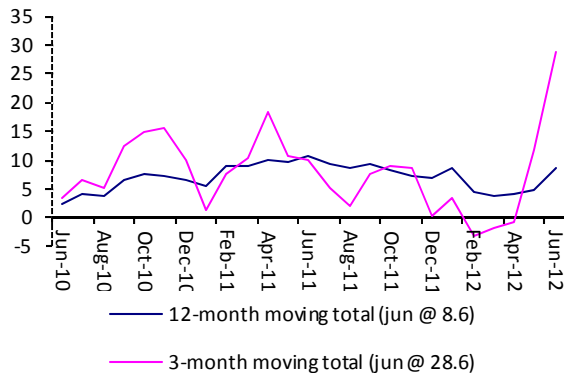
● In June the 3-month moving total for sales taxes was up 30.8% from last year, and withholding was up 28.6%. (These collection amounts may be influenced by timing of payment processing.)

● Deed tax payments to the DC Recorder of Deeds for transfers, recordation, and economic interest were down 7.7% from the prior year for the 3 months ending May.

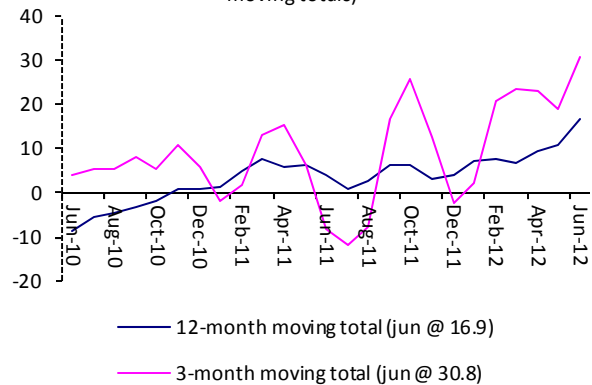
DC Tax Collections (before earmarking):  
June 2010 to June 2012  
(% change in 3-month and 12-month moving totals)



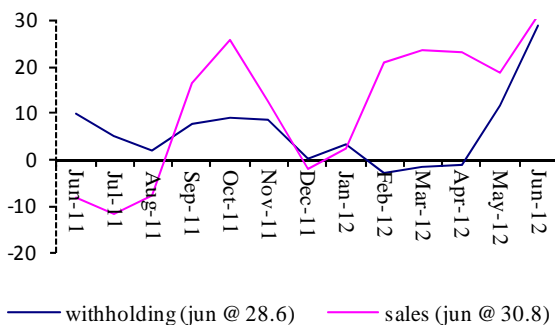
Withholding collections: June 2010 to June 2012  
(% change from prior year in 3-month and 12-month moving totals)



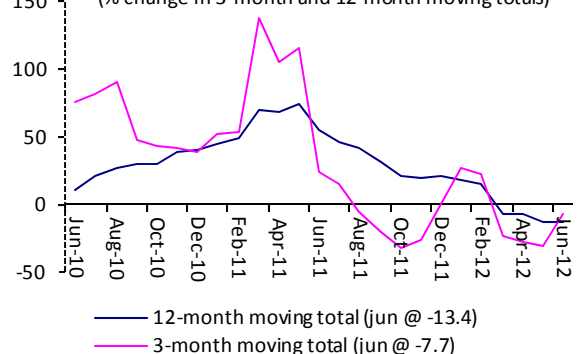
Sales tax collections: June 2010 to June 2012  
(% change from prior year in 3-month and 12-month moving totals)



Collections for the General Sales tax and Individual Income tax withholding: June 2011 to June 2012  
(% change in 3-month moving totals)



Payments to DC Recorder of Deeds for recordation, transfer, and economic interest taxes:  
June 2010 to June 2012  
(% change in 3-month and 12-month moving totals)



Note: source is Recorder of Deeds, not Table 23.

## US economic forecasts

### The July Blue Chip Indicators cut its outlook for the US economy for FY 2013

•The July Blue Chip Indicators reduced its FY 2013 forecast for real GDP to 2.1%. 23% of the 50 economists surveyed say there will be a US recession within 12 months, and 89% say uncertainty about the “fiscal cliff” looming at the end of the year will depress GDP growth in the second half of 2012.

•The July Blue Chip Indicators cut both its inflation forecast for FY 2012 and FY 2013. The forecast is for a 1.3% increase in the CPI in FY 2013.

•S and P 500: For the last quarter of calendar year 2012, Global Insight and Economy.com both cut their June baseline forecasts, but Global Insight’s pessimistic was less negative. Their FY 2012 pessimistic forecasts diverge sharply: 12.2% growth for Economy.com and an 2.5% decline for Global Insight.

Table 24. Forecasts for US nominal and real GDP:

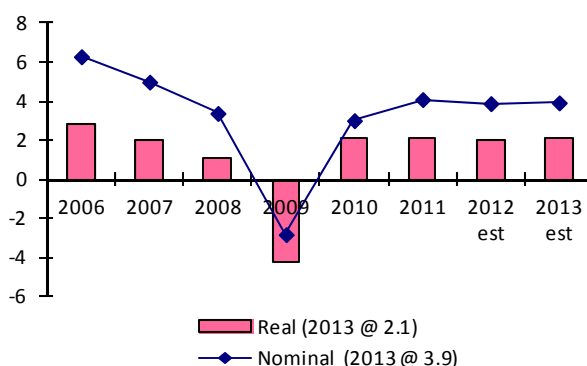
FY 2011 through FY 2013 (% change from prior fiscal year)

Forecast and date	real			nominal		
	2011	2012	2013	2011	2012	2013
<b>Congressional Budget Office</b>						
January 2011	2.5	3.2	2.9	3.6	4.4	4.5
August	2.5	2.5	2.0	4.0	3.8	3.0
January 2012	2.1	2.1	1.2	4.1	3.7	2.6
<b>Blue Chip</b>						
April	2.1	2.1	2.5	4.1	4.0	4.5
May	2.1	2.1	2.4	4.1	4.0	4.4
June	2.1	2.0	2.2	4.1	3.9	4.1
July	2.1	2.0	2.1	4.1	3.9	3.9

Sources: Blue Chip Indicators and the Congressional Budget Office.

Most recent FY 2011 is actual from BEA.

Blue Chip Indicators estimate of US Nominal and Real GDP: 2006 to 2013  
(% change from the prior year; July 2012 estimate)



S and P 500 stock index actual and alternative forecasts: 2005.1 to 2013.4  
(June forecasts; value of index)

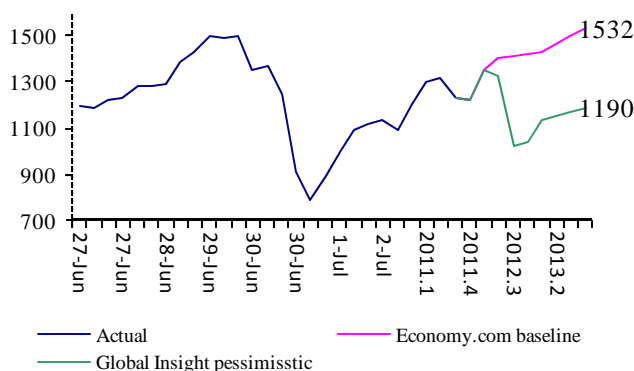


Table 25. Forecasts for S and P 500: 2011.4 to 2013.4

(% change from prior fiscal year)

Forecast date	% change from prior year			% change from prior year		
	2011.4	2012.4	2013.4	2011.4	2012.4	2013.4
<b>Global Insight: baseline</b>						
Mar	1.8	8.8	5.7	1.8	-13.1	9.8
Apr	1.8	11.2	6.2	1.8	-11.2	10.3
May	1.8	11.2	6.2	1.8	-11.2	10.3
Jun	1.8	7.7	8.7	13.8	-2.5	-8.5
<b>Economy.com baseline</b>						
Mar	1.8	11.6	9.1	1.8	8.7	10.1
Apr	1.8	15.3	7.8	1.8	12.4	8.8
May	1.8	16.0	7.7	1.8	13.1	8.7
Jun	1.8	12.2	7.9	1.8	6.1	8.3

Source: IHS Global Insight and Moody's Economy.com.

Table 26. Blue Chip forecasts for CPI and 10 year Treasury interest rate: FY 2011 to FY 2013

(% change from prior fiscal year)

Forecast date	CPI			10 yr Treasury rate		
	2011	2012	2013	2011	2012	2013
Apr	2.6	2.6	1.6	3.0	2.2	2.8
May	2.6	2.6	1.6	3.0	2.2	2.7
Jun	2.6	2.5	1.5	3.0	2.0	2.4
Jul	2.6	2.4	1.3	3.0	1.9	2.4

### June forecasts from Global Insight and Economy.com reduced income growth for FY 2012 and FY 2013

- Employment:** the only significant change in outlook was a reduction of the Economy.com pessimistic forecast for FY 2013. The range of job changes are from 12,826 to 14,671 in FY 2012, and -7,622 to 5,528 in FY 2013.
- Unemployment:** Economy.com lowered its forecast for FY 2012; for FY 2013 it lowered its baseline and raised its pessimistic one. The unemployment rate forecast range for FY 2013 is from 9.2% to 11.7%.
- Wages earned in DC:** Both forecasts decreased in FY 2012 and FY 2013. The ranges: 2.9% to 3.8% in FY 2012; 1.2% to 3.7% in FY 2013.
- Wages earned by DC residents:** Both forecasts also cut estimates for FY 2012 and FY 2013. the ranges: 2.6% to 5.1% in FY 2012; 1.6% to 5.2% in FY 2013.

Table 27. **Jobs in DC: forecasts for FY 2011 to FY 2013**

(amount of change from prior year)

Date of estimate	Global Insight: baseline			Global Insight: pessimistic			Economy.com: baseline			Economy.com: pessimistic		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
Mar	14,667	16,024	7,282	14,667	14,827	2,691	14,667	16,124	5,653	14,667	13,259	-514
Apr	14,667	13,354	6,692	14,667	12,656	2,092	14,667	12,711	4,116	14,667	10,257	-2,577
May	14,667	13,489	5,607	14,667	13,130	1,297	14,667	13,831	4,761	14,667	12,837	-3,186
Jun	14,667	13,193	5,528	14,667	12,826	1,796	14,667	14,671	4,356	14,667	13,368	-7,622

Source: IHS Global Insight and Moody's Economy.com.

Table 28. **Unemployment rate in DC FY 2011 to FY 2013**

Date of estimate	Global Insight: baseline			Global Insight: pessimistic			Economy.com: baseline			Economy.com: pessimistic		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
Mar	10.2	9.9	9.2	10.2	9.9	9.8	10.2	10.2	9.6	10.2	10.2	10.3
Apr	10.2	9.9	9.2	10.2	9.9	9.8	10.2	10.2	9.7	10.2	10.2	10.3
May	10.2	9.8	9.1	10.2	9.8	9.7	10.2	10.2	9.8	10.2	10.2	10.0
Jun	10.2	9.8	9.2	10.2	9.8	9.7	10.2	9.7	9.3	10.2	9.9	11.7

Source: IHS Global Insight and Moody's Economy.com.

Table 29. **Wages earned in DC FY 2011 to FY 2013**

(percent change from prior year)

Date of estimate	Global Insight: baseline			Global Insight: pessimistic			Economy.com: baseline			Economy.com: pessimistic		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
Mar	3.7	5.3	3.8	3.7	5.0	2.4	3.4	5.0	5.2	3.4	4.1	3.5
Apr	4.0	3.5	3.6	4.0	3.2	2.1	4.0	3.7	5.3	4.0	2.9	3.5
May	4.0	3.9	3.5	4.0	3.7	2.1	4.0	4.0	4.8	4.0	3.7	2.9
Jun	4.0	3.1	3.3	4.0	2.9	1.9	4.0	3.8	3.7	4.0	3.5	1.2

Source: IHS Global Insight and Moody's Economy.com.

Table 30. **DC resident wages FY 2011 to FY 2013**

(percent change from prior year)

Date of estimate	Global Insight: baseline			Global Insight: pessimistic			Economy.com: baseline			Economy.com: pessimistic		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
Mar	4.4	9.4	5.1	4.4	8.9	3.3	3.8	8.4	6.6	3.8	7.8	5.4
Apr	4.4	4.1	4.4	4.4	3.7	2.5	4.4	5.4	6.6	4.4	4.9	5.2
May	4.4	4.8	4.0	4.4	4.5	2.1	4.4	5.8	6.5	4.4	5.6	5.1
Jun	4.4	2.8	3.5	4.4	2.6	1.6	4.4	5.3	5.2	4.4	5.1	3.4

Note: Estimated by ORA; assumes wage and salary supplements are the same % for DC resident wages as for wages earned in DC.

Source: IHS Global Insight and Moody's Economy.com.



## DC revenue estimate

**The June revenue forecast did not change February's: tax revenue growth (before earmarks) of \$291 million (5.5%) in FY 2012, with less growth in FY 2013 due to effects of anticipated federal cutbacks**

- The FY 2012 increase in revenue follows a strong 6.4% increase in FY 2011.
- In FY 2012, real property, individual income, general sales, and business income all show significant gains.
- In FY 2013, the individual income tax is projected to decline and sales tax growth to slow, primarily the consequence of anticipated cutbacks in federal government employment, wages, and contracts resulting from deficit reduction measures. Considerable uncertainty exists, however, as to the exact nature of such cuts or when they might materialize.
- In FY 2012 and FY 2013 taxes represent a slightly higher share of Personal Income than in the two prior fiscal years.

**Table 31. DC Tax Revenue (before earmarks) for FY 2011 through FY 2013: February 2012 revenue estimate**

Tax	FY level (\$ million)			Change from prior year (\$ M)			% change from prior year		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
Real property	1,715.1	1,838.3	1,953.2	-106.4	123.2	114.9	-5.8	7.2	6.3
Deed taxes	311.2	311.1	312.4	85.6	-0.1	1.3	37.9	0.0	0.4
General sales	1,014.9	1,045.9	1,066.2	38.2	31.0	20.2	3.9	3.1	1.9
Individual income	1,296.6	1,446.4	1,406.2	186.2	149.9	-40.3	16.8	11.6	-2.8
Withholding	1,192.2	1,303.6	1,336.3	118.3	111.5	32.7	11.0	9.4	2.5
non-withholding	104.4	142.8	69.9	67.8	38.4	-72.9	185.2	36.7	-51.1
Business income	359.7	387.9	400.1	36.0	28.3	12.2	11.1	7.9	3.1
Other	627.8	586.5	583.0	80.6	-41.3	-3.5	14.7	-6.6	-0.6
Total	5,325.3	5,616.2	5,721.0	320.1	290.9	104.8	6.4	5.5	1.9

Source: ORA. February 29, 2012 revenue estimate under existing legislation. The table includes tax revenue only, before all earmarks, and excludes all non-tax revenues, lottery, and "O-type" earmarked revenues.

**Table 32. DC labor market assumptions: FY 2011 to FY 2013**

item	2011	2012	2013
Wage and salary employment	713,042	716,640	709,713
1 year change	4,858	3,598	-6,927
% change	0.7	0.5	-1.0
DC resident employment	299,158	302,526	303,932
1 year change	-1,237	3,368	1,406
% change	-0.4	1.1	0.5
Unemployment rate	10.1	10.0	10.5

Source: ORA February 2012 revenue estimate

**Table 33. DC Income and stock market assumptions:**

FY 2011 to FY 2013 ( change from prior year)			
item	2011	2012	2013
Wages and salaries earned in DC	3.4	3.1	0.7
Wages and salaries earned by DC residents	3.8	4.5	2.6
DC Personal income	5.9	3.3	2.1
S and P 500 stock index	1.8	0.0	3.9

Source: ORA February 2012 revenue estimate. Stock index, on a calendar year basis, represents the % change from the December quarter of the prior year.

**Table 34. DC tax revenue (before earmarks) and DC Personal Income: FY 2005 to FY 2014**

item	2005	2006	2007	2008	2009	2010	2011	2012 est	2013 est	2014 est
<b>Tax revenue (\$ million)</b>										
Level	4,249	4,516	5,155	5,325	5,052	5,005	5,325	5,616	5,721	5,859
Change from prior year	444	267	638	170	-273	-47	320	291	105	138
<b>Percent change from prior year</b>										
Tax revenue	11.7	6.3	14.1	3.3	-5.1	-0.9	5.6	5.6	1.8	2.6
Personal Income	8.3	8.2	8.1	9.6	-0.1	3.2	5.9	3.3	2.1	3.2
<b>Tax revenue as percent of Personal Income</b>										
	13.5	13.3	14.0	13.2	12.5	12.0	12.1	12.3	12.3	12.2

Source: ORA. February 2012 revenue estimate under existing legislation. The table includes tax revenue only, before all earmarks, and excludes all non-tax revenues, lottery, and "O-type" earmarked revenues.

**Individual income, continued from p.1**

and 15.5% (in FY 1988) to decreases of 15.4% (in FY 2009) and 13.6% (in FY 2002). These variations come from two main sources: changes in the tax base and changes in policy.

As shown in the graph, much of the variation comes from business cycle changes. The impacts of US recessions (the shaded areas in the graph) have been particularly great on the more volatile non-withholding part of tax collections. The volatility in this part of the tax reflects the importance of capital gains and losses on the amount of tax collected as well as fluctuation in income such as bonuses and proprietor's income that reflect the economy. In the years leading up to the recessions, the non-withholding parts of the income tax grew particularly rapidly.

A number of changes in DC tax rates and other policies have also affected revenue. As shown in the table, from FY 2005 through FY 2008 policy changes resulted in estimated reductions of about \$170 million in income tax revenue. —Stephen Swaim ORA

**25 years of DC Individual Income Tax revenue: FY 1986 to FY 2011**

FY	Individual Income tax revenue					% of DC Pers. Income
	withhold- ing (\$M)	All other (non- withhold- ing) (\$M)	Total (\$M)	l yr. change		
				ch (\$M)	%	
1986	392.57	52.25	444.82			3.7
1987	413.60	99.60	513.20	68.38	15.4	4.1
1988	449.43	143.40	592.83	79.63	15.5	4.3
1989	478.93	124.54	603.47	10.64	1.8	4.1
1990	502.10	135.81	637.91	34.44	5.7	4.1
1991	513.38	102.37	615.75	-22.16	-3.5	3.8
1992	509.42	110.79	620.21	4.46	0.7	3.7
1993	518.55	70.98	589.52	-30.69	-4.9	3.3
1994	543.56	107.10	650.66	61.14	10.4	3.6
1995	525.95	117.72	643.68	-6.98	-1.1	3.5
1996	553.46	135.95	689.41	45.73	7.1	3.7
1997	618.30	135.17	753.48	64.07	9.3	3.8
1998	651.86	209.65	861.51	108.03	14.3	4.2
1999	698.65	253.50	952.16	90.65	10.5	4.5
2000	779.55	297.80	1,077.35	125.19	13.1	4.8
2001	809.20	288.99	1,098.19	20.84	1.9	4.3
2002	785.50	163.68	949.18	-149.01	-13.6	3.6
2003	816.00	112.96	928.97	-20.21	-2.1	3.4
2004	875.61	166.70	1,042.31	113.34	12.2	3.6
2005	918.73	241.35	1,160.07	117.77	11.3	3.7
2006	970.54	263.06	1,233.60	73.53	6.3	3.6
2007	974.79	339.04	1,313.83	80.22	6.5	3.6
2008	994.94	347.86	1,342.80	28.97	2.2	3.3
2009	1,021.19	114.75	1,135.94	-206.86	-15.4	2.8
2010	1,073.83	36.62	1,110.44	-25.49	-2.2	2.6
2011	1,192.16	104.44	1,296.60	186.15	16.8	2.9

Percent change from 1986 to 2011:

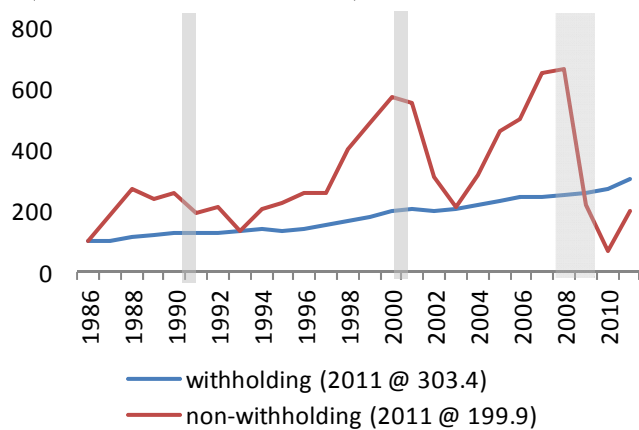
303.7      199.9      291.5

Average annual percent change over the period:

4.5      2.8      4.4

Source: ORA, BEA (DC Personal Income), and BLS (CPI)

Individual Income Tax revenue: withholding and non-withholding from FY 1986 to FY 2011 (Index numbers: 1986 = 100)



Note: US recessions indicated by shaded areas.

**Major changes in Individual Income tax rates and policies: 1986 to 2011**

Effective date of change	Policy change	Estimated revenue impact (\$ M)
1987	Raise rates and increase deductions	small net ch.
2000	Tax parity Act of 1999, reduced rates over 5 years	-150
2003	Expand earned income tax credit	-18
	Tax Parity Act suspended	+72
2005	Top rate reduced from 9.3 to 9.0	-24
2006	Reduce rates and widen brackets	-53
	Raise standard deduction and increase EITC match	-14
2007	Lower rates	-64
2008	Raise standard deduction	-17
2009	Increase EITC match	-2
2010	Delay indexing of personal exemptions and deductions	+5

Source: OCFOD.C. Tax Facts. Revenue impact estimate at time of enactment

## ORA Reports and Documents

From time to time the Office of Revenue Analysis prepares fiscal impact studies on pending legislation, reports, and other documents on subjects related to DC's economy and taxes. These documents are posted on the OCFO web site ([www.cfo.dc.gov](http://www.cfo.dc.gov)) under "Economy and Revenue."

### Recent ORA reports:

**Revised Revenue Estimates for Fiscal Years 2012 to 2016.** February 29, 2012. Transmittal letter and accompanying tables.

**FY 2013 Proposed Budget and Financial Plan.** June 22, 2012. The revenue chapter (Chapter 4 of Volume 1, the Executive Summary) presents the revenue estimates for the budget. The chapter includes details about specific DC taxes and other revenue sources and about all proposed policy changes affecting revenues.

**DC Tax Facts, 2011.** Details on all DC taxes.

**Tax Rates and Tax Burdens—A Nationwide Comparison 2010.** This annual publication compares DC tax rates and the estimated DC tax burdens for households of different income levels with the rates and burdens of state and local taxes in the principal cities in all 50 states.

**Tax Rates and Tax Burdens—Washington Metropolitan Area 2010.** This annual publication compares DC tax rates and the estimated DC tax burdens for households of different income levels with the rates and burdens of surrounding jurisdictions in the DC metropolitan area.

### About this report.

*District of Columbia Economic and Revenue Trends* is generally issued about the third week every month. Employment and most other DC information reported on a monthly basis is from one or two months prior to the *Trends* date (the July report has mostly May and June data). Lags can be greater with quarterly data such as Personal Income and commercial real estate. Data in the tables are believed to be reliable, but original sources are definitive. All data are subject to revision by the information source. The *Trends* report is available at the DC Chief Financial Officer web-site: [www.cfo.dc.gov](http://www.cfo.dc.gov) (click on *Economy and Revenue*, *Economic and Revenue Trends*).

Table 35. Information sources

Indicator	Source	Period covered in this report	Next release
D.C. Jobs and Labor Force information	BLS	May	July 20
D.C. Personal Income	BEA	2012.1	September 25
D.C. Tax Collections	OTR/ORA	June	August 15
D.C. Housing Sales	MRIS*	June	c August 10
D.C. Commercial Office Building data	Delta Associates	2012.2	c September 10
DC Apartment data	Reis, inc	2012.1	c August 1
D.C. Hotel stay information	Smith Travel Research	May	c. July 30
Consumer Price Index	BLS	June	August 15
U.S. Jobs and Labor Force	BLS	May and June	August 3
U.S. GDP and Personal Income	BEA	2012.1	July 27
S and P 500 Stock Index	Financial press	June	July 1
Interest rate on 10-Year Treasury Securities	Financial press	June	July 1
IHS Global Insight D.C. forecast	Global Insight	June	c. July 25
Moody's Economy.com D.C. forecast	Economy.com	June	c. July 25
Blue Chip Economic Indicators for the U.S.	Aspen Publishers	July	August 10

\*Metropolitan Regional Information Systems; listings and contract data accessed through the Greater Capital Area Association of Realtors.

For further information or to comment on this report, contact: Stephen Swaim (202-727-7775) or [stephen.swaim@dc.gov](mailto:stephen.swaim@dc.gov). See also the *Economic Indicators* issued monthly by the D.C. Office of the Chief Financial Officer ([www.cfo.dc.gov](http://www.cfo.dc.gov)).

*District of Columbia Economic and Revenue Trends* is prepared by the Office of Revenue Analysis, which is part of the Office of the Chief Financial Officer of the District of Columbia government.

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